

Message Text

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CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

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CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 XMB-02 /114 W
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R 171650Z APR 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 5172

INFO USMISSION USUN NEW YORK

USMISSION GENEVA

AMEMBASSY PARIS

AMEMBASSY ALGIERS

C O N F I D E N T I A L SECTION 1 OF 2 RABAT 1872

PARIS ALSO FOR UNESCO

E.O. 11652: GDS

TAGS: PFOR PORG EGEN UN UNGA MO

SUBJ: UNGA SPECIAL SESSION: BACKGROUND AND GENERAL GUIDANCE

REF: STATE 75525

1. SUMMARY. MOROCCO'S ROLE AT 7TH SS WILL BE SUBJECT TO COMBINATION OF INTERESTS AND PERCEPTIONS WHICH, IN OUR ASSESSMENT, POINT TOWARD A GREATER FLEXIBILITY AND SOPHISTICATION THAN IN CASE OF MANY OTHER MEMBERS OF GROUP OF 77. WHILE WE WOULD NOT EXPECT A DRASTIC GOM SPLIT FROM LDC RANKS ON MOST IMPORTANT ECONOMIC ISSUES, WE BELIEVE GOM WILL PROBABLY BE SOMEWHAT MORE SYMPATHETIC TO US VIEWS THAN MOST LDCS, HAS AN INTEREST IN GENERALLY AVOIDING CONFRONTATION AND RADICAL INTERNATIONAL ECONOMIC CHANGE, AND PERHAPS CAN BE PERSUADED TO PLAY A MODERATING ROLE. END
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SUMMARY.

2. FOLLOWING FACTORS, GENERALLY APPLICABLE TO GOM APPROACH TO INTERNATIONAL BODIES, WILL UNDOUBTEDLY UNDERLIE GOM BEHAVIOR AT 7TH SS.

A. GENERAL OUTLOOK. GOM FOREIGN POLICY, AS WE SEE IT, IS INFLUENCED BY A RELATIVELY COMPLEX NETWORK OF PERCEIVED POLITICAL NEEDS AND AMBITIONS WHICH ENCOURAGE NEGOTIATION AND CONSULTATION RATHER THAN GRATUITOUS CONTENTIOUSNESS OR CONFRONTATIONS. WE WOULD JUDGE THAT MOROCCO IS OFTEN CAPABLE OF GREATER INDEPENDENCE THAN MOST SO-CALLED NON-ALIGNED COUNTRIES. AT SAME TIME, HOWEVER, MOROCCO IS ENGAGED IN DELICATE EAST-WEST-LDC-ARAB-AFRICA BALANCING ACT, AND HAS APPARENTLY COME TO CONCLUSION THAT ITS INTERESTS ARE BEST SERVED BY KEEPING FOOT IN ALL POSSIBLE CAMPS. GOM WILL THUS, IN WEIGHING ITS POSITIONS ON VARIOUS SPECIFIC ISSUES, ALSO CONSIDER POTENTIAL BENEFIT OR HARM TO ITS BROADER AIMS OF PROTECTING AND STRENGTHENING ITS ARAB CREDENTIALS, BECOMING A MAJOR ARAB LINK TO AFRICA, ENCOURAGING EAST-WEST COMPETITION FOR ITS FAVOR AND, IN GENERAL, MAXIMIZING ITS POLITICO-ECONOMIC OPTIONS. GOM SEEMS TO FEEL THAT SUCCESS IN ONE DOMAIN LIKELY TO REINFORCE ITS EFFORTS IN OTHERS AND THAT ITS EXCELLENT, IF SOMETIMES SUPERFICIALLY SO, FOREIGN RELATIONS, CUTTING ACROSS IDEOLOGICAL AND GEOGRAPHIC LINES, ARE AMONG ITS MAJOR ASSETS. THESE RELATIONS ARE IN EFFECT ANOTHER POSITIVE INCENTIVE TO PURSUIT OF POLITICAL PRESTIGE AND ECONOMIC ASSISTANCE THROUGH SOPHISTICATED DIPLOMACY RATHER THAN COMPETITION IN RADICALISM.

B. ALGERIAN FACTOR AND STEAMROLLER TACTICS. MOROCCO AND ALGERIA CONTINUE TO VIEW ONE ANOTHER WITH BLEND OF SUSPICION, FEAR AND IDEOLOGICAL HOSTILITY WHICH HAS BEEN ONLY RELATIVELY PAPERED OVER BY ARAB UNITY THRUST AND DESIRE FOR REGIONAL STABILITY. IN PAST YEAR, OLDER UNRESOLVED DIFFERENCES AND CONFLICTING AMBITIONS BETWEEN THE TWO HAVE BEEN EXACERBATED BY SPANISH SAHARA ISSUE. NEVERTHELESS, GOM UNLIKELY TO WANT TO OPEN ITSELF UP TO CHARGES OF CONSPIRING WITH US OR DCS AGAINST ARAB SISTER STATE BY ATTEMPTING TO CHECK ALGERIAN STEAMROLLER. WE ALSO DETECT OCCASIONAL SIGNS OF MOROCCAN RESENTMENT OVER WHAT SOME HERE HAVE VIEWED AS US PRESSURE TACTICS IN VARIOUS UN VOTES IN PAST.

C. MOROCCO AS LDC. MOROCCO'S IMPROVING STATUS AS ONE OF MORE DEVELOPED LDCS IS FURTHER INDUCEMENT TO RESPONSIBLE BEHAVIOR IN 7TH SS. COUNTRY IS MOVING TOWARD ABILITY EVENTUALLY

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TO PAY ITS OWN WAY, AND IS ALREADY GIVING SOME ECONOMIC DEVELOPMENT ASSISTANCE TO SUB-SAHARAN AFRICAN STATES. IT HAS ALSO IN AN EXPLICITLY DRAWN CONTRAST WITH OPEC POLICY ANNOUNCED CONCESSIONARY FINANCIAL TERMS FOR AFRICAN PHOSPHATE PURCHASERS. WHILE THESE ARE OBVIOUSLY NOT PURELY PHILANTHROPIC GESTURES, THEY ARE INDICATION, COMBINED WITH CONSIDERABLE INTERNAL DEVELOPMENT EFFORT, THAT MOROCCO HAS RELATIVELY REALISTIC VIEW OF IMPORTANCE OF INTERDEPENDENCE AND OF INCREASED PRODUCTION

AS OPPOSED TO REDISTRIBUTION OF WEALTH. GOM IS ALSO PROUD THAT IT HAS BEEN ABLE TO MOROCCANIZE FOREIGN HOLDINGS AND OTHERWISE TRANSIT FROM COLONIAL STATUS WHILE LOSING LESS ECONOMIC GROUND AND CREATING FEWER HARD FEELINGS THAN GENERALLY HAS BEEN CASE WITH LDCS. GOM VALUES ITS IMAGE AS MODERATE AND RESPONSIBLE NATION ON INTERNATIONAL SCENE AND HAS MADE SERIOUS EFFORTS TO FURTHER IT IN INTERNATIONAL ECONOMIC NEGOTIATIONS AND ORGANIZATIONS SUCH AS IMF.

3. OUR IMPRESSION IS IN SUM THAT MOROCCO, AS LDC, IS SOMEWHAT LESS LIKELY TO BE DRAWN INTO BLOC POSITION ON ECONOMIC AS OPPOSED TO MORE PURELY POLITICAL ISSUES. MOROCCO POSSESSES QUASI-MONOPOLY POSITION AS EXPORTER OF PHOSPHATES AMONG LDCS AND IS THEREFORE UNDER LESS CONSTRAINT TO SUBORDINATE ITS POLITICS TO PREVAILING MOODS OF FELLOW EXPORTERS, AS WITH MEMBERS OF OIL, COCOA, COFFEE OR OTHER COMMODITY BLOCS. IN ADDITION, MOROCCO'S ECONOMIC DEVELOPMENT IS CURRENTLY TIED TO VARIETY OF LOANS AND INTERNATIONAL FINANCIAL ARRANGEMENTS WHICH WILL GIVE IT PAUSE TO EXAMINE CAREFULLY RAMIFICATIONS OF ANY POSITIONS EMERGING AT 7TH SS WHICH IT MAY CONSIDER DAMAGING TO ROLE AND STATUS OF BODIES SUCH AS WORLD BANK AND IMF. FLEXIBILITY ACCRUING TO MOROCCO BECAUSE OF ITS RELATIVELY ADVANTAGED AND INDEPENDENT STATUS IS, HOWEVER, COUNTERBALANCED BY BOTH POLITICAL AND ECONOMIC CONSIDERATIONS. GOM WILL OBVIOUSLY WANT TO HEDGE ANY POSITION WHICH COULD BE SEEN BY LDCS AS THREATENING TO THEIR AMBITIONS. ADDITIONALLY, IT CAN BE EXPECTED TO BE VERY SENSITIVE TO LINE-UP ON SPECIFIC ISSUES OF ARAB OIL PRODUCERS FROM WHOM IT HAS SOUGHT AND RECEIVED SUBSTANTIAL DEVELOPMENT AID COMMITMENTS. ON BALANCE, MOROCCO HAS EVERY REASON NOT TO ACT REFLEXIVELY ON DEVELOPMENT ISSUES AT 7TH SS. INSTEAD, IT CAN BE EXPECTED TO ARRIVE WITH A PRAGMATIC RATHER THAN IDEOLOGICAL PACKAGE AND MAY WELL BE DISPOSED TO UNDERTAKE THE ROLE OF A DISCREET MODERATING INFLUENCE. CONFIDENTIAL

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SP-02 FEAE-00 OMB-01 XMB-02 /114 W

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R 171650Z APR 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 5173

INFO USMISSION USUN NEW YORK

USMISSION GENEVA

AMEMBASSY PARIS

AMEMBASSY ALGIERS

C O N F I D E N T I A L SECTION 2 OF 2 RABAT 1872

4. INDIVIDUAL ISSUES. THE FOLLOWING MAY BE SPECIFIC AREAS OF OPPORTUNITY FOR SERIOUS CONSULTATIONS WITH MOROCCO:

A. CURRENTLY-INDEXING ISSUE. AS WASHINGTON AWARE, NUMBER OF LDCS HAVE EXPRESSED INTEREST IN SEEKING PROCEDURE FOR TYING THEIR CURRENCIES TO INDEX OF MAJOR INDUSTRIAL IMPORTS OR WORLD PRICES IN EFFORT TO INSULATE EROSION OF THEIR PURCHASING POWER WHICH IS LARGELY DERIVED FROM PRICE-VOLATILE RAW MATERIALS. FOUR MAJOR OIL-PRODUCERS HAVE ALREADY ANNOUNCED THAT HENCEFORTH VALUE OF THEIR CURRENCIES WILL BE DETERMINED BY VALUE OF THE SDR. GOM ALREADY HAS FORMULA FOR DETERMINING ON TRADE-WEIGHTED BASIS THE DAY TO DAY VALUE OF THE DIRHAM. THUS, WHILE ITS DESIRE TO MANIFEST COMMON FRONT ON VARIETY OF LDC/MIDDLE EAST ISSUES COULD CONCEIVABLY INDUCE GOM TO SUPPORT STRONGLY CONSENSUAL LDC INITIATIVE IN THIS REGARD, WE BELIEVE THAT BECAUSE MOROCCO HAS SOLVED ITS OWN CURRENCY VALUATION PROBLEMS, AND BECAUSE OF ITS SENSE OF RESPONSIBLE LEADERSHIP IN IMF AND ITS PAST RESPONSIVENESS TO US INITIATIVES IN REALM OF INTERNATIONAL MONETARY AFFAIRS, IT MAY NEED LITTLE INDUCEMENT TO STAND WITH CONFIDENTIAL

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DCS IN CONSIDERING NEXT STEPS IN MONETARY REFORM.

B. RAW MATERIALS MARKETING ARRANGEMENTS. MOROCCO IS PRESENTLY WORLD'S LARGEST EXPORTER OF PHOSPHATE ROCK, ONE OF "STRATEGIC RAW MATERIALS" EXAMINED BY WASHINGTON AGENCIES A FEQAMONTHS AGO. IT IS ALSO LEADER OF SO-CALLED PHOSPHATE INSTITUTE-- A GROUPING OF MOROCCO AND VARIOUS SMALLER PRODUCERS DEVOTED TO "STUDYING PHOSPHATE MARKETING PROBLEMS". NEITHER US NOR USSR IS MEMBER OF INSTITUTE. EMBASSY HAS FOR SOME

TIME BEEN CONCERNED THAT 5.5 FOLD RISE IN PHOSPHATE ROCK PRICES SINCE CREATION OF INSTITUTE COULD SOONER OR LATER CREATE PRESUMPTIVE EVIDENCE OF ITS CONSTITUTING PRODUCERS' CARTEL WITHIN MEANING OF SECTION 301 OF TRADE ACT OF 1974. WE HAVE, HOWEVER, BEEN ASSURED BY SENIOR GOVERNMENT OFFICIALS THAT INSTITUTE HAS PLAYED NO SUCH ROLE AND WILL NOT DO SO. INDEED, WITH MOROCCO NOW ACCOUNTING FOR OVER 60 PER CENT OF NON-US, NON-SOVIET PHOSPHATE ROCK PRODUCTION, IT HAS LITTLE NEED FOR PARTNERS IN COLLUSION. PROBLEM HAS IN ANY EVENT BEEN RESOLVED BY WASHINGTON INTERAGENCY DECISION--FOLLOWING REVIEW OF THESE POINTS--THAT MOROCCO IS TO BE CONSIDERED A BENEFICIARY DEVELOPING NATIONAL UNDER TRADE ACT. TEMPTATION REMAINS STRONG FOR MOROCCO TO MAKE COMMON STAND WITH OTHER RAW MATERIAL PRODUCING LDCS. MOROCCO IS, HOWEVER, HIGHLY CONFIDENT REGARDING SECURITY OF ITS OWN SITUATION AND DIRECTOR GENERAL OF STATE PHOSPHATE COMPANY RECENTLY STATED THAT "IT MAKES LITTLE DIFFERENCE WHETHER UNITED STATES OR SOVIET UNION JOINS PHOSPHATE INSTITUTE OR NOT. BY 1980, MOROCCO WILL DOMINATE 80 PER CENT OF WORLD TRADE IN PHOSPHATES... AND, IF SAHARAN QUESTION IS RESOLVED IN MOROCCO'S FAVOR, WE WILL HAVE AN EFFECTIVE MONOPOLY OF PRODUCTION". UNEXPECTED RECENT SOFTENING OF DEMAND FOR PHOSPHATE ROCK MAY, HOWEVER, HAVE OPENED DOOR TO WINNING MOROCCO TO INTERMEDIATE POSITION WHICH WOULD BETTER SERVE US INTERESTS. THIS WOULD INVOLVE NEGOTIATION OF INTERNATIONAL PHOSPHATE AGREEMENT, AKIN TO PAST SUGAR AND COFFEE AGREEMENTS, WHICH WOULD PROTECT PRODUCERS FROM SEVERE PRICE BREAK. SINCE US IS MAJOR PHOSPHATE PRODUCER AS WELL AS CONSUMER, THIS WOULD NOT RUN COUNTER TO OUR OWN DOMESTIC INTERESTS TO DEGREE THAT COFFEE AGREEMENT DID. IN ACKNOWLEDGEMENT FOR SUCH DOWN-SIDE PRICE PROTECTION, IT CONCEIVABLE THAT MOROCCO COULD BE INDUCED TO STAND WITH MORE RESPONSIBLE STATES ON OTHER NON-OIL COMMODITY QUESTIONS.

C. OIL. MOROCCO'S COMMERCIAL INTERESTS ARE STRICTLY CONFIDENTIAL

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THOSE OF OTHER OIL-IMPORTING STATES, ITS OWN PRODUCTION BEING TOKEN. RISE IN OIL PRICES HAS IMPOSED SEVERE STRAIN ON CENTRAL GOVERNMENT FINANCES AND BALANCE OF PAYMENTS. THIS BEING SAID, HOWEVER, IT MUST NOT BE FORGOTTEN THAT MOROCCO IS ARAB STATE AND THAT OAPEC COUNTRIES ARE MAKING AVAILABLE TO MOROCCO GRANTS AND CREDITS THIS YEAR EXCEEDING \$300 MILLION. KING HASSAN IS ALSO CAREFULLY CULTIVATING POSITION OF LEADERSHIP AMONG ARAB STATES ON PAN-ARAB QUESTIONS AND IS UNLIKELY TO ADOPT POSTURE IN INTERNATIONAL NEGOTIATIONS SIGNIFICANTLY OUT OF STEP WITH CONSENSUS OF OTHER ARAB NATIONS. AT BEST, THEN, IT BECOMES DIFFICULT TO JUDGE JUST HOW COUNTRY WOULD ACT ON A GIVEN PROPOSITION WITHOUT CAREFUL STUDY OF SPECIFICS AND LINE-UP OF OTHER VOTES.

5. TIMING, VENUE AND LEVEL OF CONSULTATIONS. WE AGREE

THAT COORDINATION OF GENERAL APPROACHES ON ISSUES SHOULD PREFERABLY BE ACCOMPLISHED WITH DCS BEFORE LDCS ARE DRAWN INTO THE PROCESS. IT IS NOT TOO EARLY HOWEVER, TO BEGIN EFFORT TO CREATE FAVORABLE ATMOSPHERICS FOR 7TH SS, WITHOUT NECESSARILY ADDRESSING SPECIFICS. FOR MOROCCO, THIS WOULD INDICATE A US TACTIC OF ENCOURAGING GOM'S IMAGE OF ITSELF AS MODERATE, AND SUGGESTING THAT IT PLAY ROLE IN URGING NEGOTIATION RATHER THAN CONFRONTATION, WHILE AVOIDING ATTEMPT TO PAPER OVER ANY REAL DIFFERENCES. WE CAN STRESS THAT WE SEE NEED FOR IMPROVING AND BALANCING WORLD ECONOMIC STRUCTURE, ARE EAGER FOR SERIOUS EXCHANGE OF VIEWS AND HOPE TO SEE LDCS DEVELOP AN ATTITUDE, LIKE MOROCCO'S, OF REALISTIC USE OF INTERNATIONAL FINANCIAL RESOURCES.

6. CONTACTS WITH MOROCCANS SHOULD TAKE PLACE ON PERMREP OR MINISTERIAL LEVEL, BUT NEED NOT BE LIMITED TO FOREIGN MINISTRY OR UN. APPROACHES COULD BE MADE AT IMF, FOR INSTANCE, WHERE MOROCCO IS MEMBER OF MINISTERIAL COMMITTEE ON TRANSFER OF REAL RESOURCES, CASTING VOTES OF AFGHANISTAN, ALGERIA, GHANA, GREECE, IRAN, OMAN, TUNISIA, AND YEMEN. INPUT AT SUCH POINTS SHOULD TAKE PLACE EARLY SO AS TO ALLOW TIME FORMOROCCAN ATTITUDE TO DEVELOP AND DIFFUSE TO APPROPRIATE PLACES IN GOVERNMENT. IN THIS CONNECTION, WE BELIEVE THAT MOROCCO, WITH ITS SPECIAL CHARACTER, MERITS SOMEWHAT INCREASED ATTENTION FROM USG, PERHAPS IN FORM OF MORE CONTACT WITH FINMIN BENSLIMANE AND OTHER HIGH-LEVEL MOROCCANS DURING THEIR FREQUENT VISITS TO US FOR MEETINGS OF INTERNATIONAL BODIES.

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